
2002 Tobacco Tax Rate Increase

**Tobacco
taxes
notice**

Effective July 15, 2002, Chapter 856, Public Acts of 2002, amends the cigarette tax rate, as established in Tenn. Code Ann. Section 67-4-1004, of 6.5 mills per cigarette by increasing it to 10 mills per cigarette. At a cent per cigarette, this translates to 20 cents per pack of twenty cigarettes and 25 cents per pack of 25 cigarettes. This new tax rate will be due from each dealer or distributor making purchases of cigarette stamps **on or after July 15, 2002**. Any cigarette stamp inventory held by a dealer or distributor on July 15, 2002, is not subject to the tax increase.

In addition, the previously existing Tenn. Code Ann. Section 67-4-1005 is deleted in its entirety and replaced in part by the following language:

“The rate on all other tobacco products, including, but not limited to, cigars, cheroots, stogies, beedies, bidis, manufactured tobacco and snuff of all descriptions whether made of tobacco or any substitute therefore, shall be 6.6% of the wholesale cost price.”

Persons filing tobacco tax returns will remit payment at the new rate with the period beginning July 15, 2002.

When you receive your July tobacco tax return, you will find the tax rate effective as of July 1 printed on the return. However, you will need to maintain records to verify how much tax is due under both the old rate and the new rate effective July 15, 2002.

Because there are two tax rates in effect during July 2002, separate calculations for each rate must be made in order to compute the correct tax liability.

Adequate supporting documentation must be maintained to prove the entries on the return.

Have questions or comments? Please let us know. [Contact us.](#)

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